

CAUSE RELATED MARKETING – A TOOL FOR STRATEGIC GIVING

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ABSTRACT

In today's business world, companies are facing stiff competition and they are finding new ways to differentiate themselves and prove their superiority in the market. Consumers' expectations towards the companies have also changed. They require the companies to be more "socially responsible" rather than just being "customer responsible". To transparent themselves as a "socially responsible firm", they are, now turned to use the Cause-related marketing techniques. Cause-Related Marketing (CRM) includes all the different ways in which businesses are benefiting charities and good causes through partnerships that consist of donations, and additional support leveraged through customers, suppliers, or employees. This marketing approach can become an effective in gaining brand reputation as well as contributing to the society's well-being. It is a means of addressing current social problems and issues through the provision of funding and resources and achievement of marketing objectives. This paper elaborates on the impact of cause-related marketing, the reasons for gaining its popularity and also explores some noteworthy benefits through select campaigns.

Keywords: Cause-related Advertisement, Niche Segments, Advertisements, partnerships, cause

INTRODUCTION

In today's business world, companies are facing stiff competition and they are finding new ways to differentiate themselves and their product, to counter competitors and to prove their superiority in the market. Consumer's expectations towards the companies have also changed. They require the companies to be more "socially responsible" rather than just being "customer responsible". Thus, a growing number of firms are entering into commercial partnerships with nonprofit organizations to achieve specific business objectives. They are now, turned to the use of Cause-related marketing (CRM) as a communication tool.

CRM generally involves a corporate donation to nonprofit organization contingent upon the purchase of a nominated product. CRM is defined as the process of formulating and implementing marketing activities that are characterized by contributing a specific amount to a designated non-profit effort that in turn, causes customers to engage in providing exchanges. In the USA, CRM is used as a corporate term for ‘working together in financial concert with a charity ... to tie a company and its products to a cause. It is a ‘dramatic way to build brand equity... as it creates the most added value and most directly enhances financial performance’. It can generate the long-term value needed for a company to survive and achieve competitive advantage.

In an environment of increasing competition, product parity and demanding consumers, it has been suggested that cause-related marketing is a unique win-win-win strategy. That is, this marketing strategy benefits the community, generates goodwill and revenue for the company and creates positive feelings for the consumer as a result of their purchase decision.

This paper elaborates on the impact of cause-related marketing, the reasons for gaining its popularity and also explores some noteworthy benefits through select campaigns.

OBJECTIVES

This paper aims at the following objectives

- To study the impact of Cause-Related Marketing as a strategic tool for companies
- To explore the noteworthy benefits of Cause-Based Advertising through select campaigns

The study was based on secondary data, collected from books, journals, magazines and websites.

Cause Related Marketing

Cause Marketing (CM) or Cause Related Marketing is an umbrella term that covers a rich range of marketing activity. Cause Related Marketing is defined as a “the process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-producing exchanges that satisfy organizational and individual objectives” (Varadarajan and Menon, 1988).

Reasons for Its Popularity

1. Community-involvement efforts, companies are taking a more strategic approach to their community-involvement efforts, seeking ways of benefiting community organizations while also furthering companies’ business goals.
2. To build reputation and brand image, effective cause programs can enhance a company’s reputation and brand image and increase the credibility of its marketing effort while giving customers’ a convenient way to contribute to nonprofit organizations through their purchasing decisions.

Benefits of Cause-Related Marketing

Cause-related marketing is an innovative alliance between a corporation and a non-profit put cause marketing firmly on the map. No doubt the promise of cause-related marketing caught the attention of both non-profits with fund raising needs, as well as marketers seeking to enhance corporate image while maximizing sales and profits.

The partnerships between companies and causes, pairing the purchase of a product with the support of a charity, have sometimes been called cause-related marketing sponsorships, or alternatively, cause tie-ins, cause-brand partnerships, or company-cause linkages. They are designed to create a relationship between a brand and a cause that is used to market a product. Often, the partnership is a long-term one, and this arrangement was referred to as a “co-alignment of marketing strategy and corporate philanthropy”.

With the consistently growing and now very widespread approval of consumers, the promise of cause-marketing seems yet to be realized. For the charities involved, cause marketing offers a number of benefits. Specifically, not only are funds raised for the cause, but also public awareness, as well as public interest and involvement in the cause are increased.

CRM can be the pillar of the marketing plan. It can help the company gain a competitive edge over its competitors by projecting a positive reputation in the target market. Also, it delivers other tangible benefits. Some of the benefits include are:

Attracting new customers: Companies that have engaged in Cause-Related Marketing report that those effort help attract and build long-term relationships with customer. For example, the most innovative case is the one of American Express Company. By the fundraising campaign to restore the Statue of Liberty the company increased the use of credit cards, and attracted new customers and develop long-term relationships with consumers.

Reaching niche segments: Non-governmental organisations are working with online marketing leaders in order to reach niche consumers, to enter a specific audience and generate interest towards an important campaign that could save lives

Increasing sales of products or services

Creating a positive image of a brand: By associating with supporting the cause, the company will reach a larger visibility, which will consolidate brand equity

Raise funds for a social cause: Companies can position itself by recruiting, training and motivating sales force, to fight for issues.

Market Differentiation: CRM helps to create an alternative and distinctive approach to brand advertising.

Few Cause Based Advertisement

Cause-Based advertisements are made to give the consumers some serious food for thought. This advertising strategy is premised on the belief that by preaching a morally beautiful message embraced by society in general, a good “aura” will befall on the brand and/or product involved in the message, thereby eventually increasing consumer response in the form of higher sales for that brand and/or product.

Global level - Well-known examples of successful CRM campaigns include:

- Tesco, the UK supermarket giant, in funding the provision of computers for schools through customers' spending;
- The American Express campaign to restore the Statue of Liberty;
- Liverpool Football Club working in collaboration with Liverpool City Council to create a range of programmes to promote healthy living in one of Britain's poorest areas;
- Avon's Breast Cancer Awareness Campaign which was launched in different countries around the world; and
- BT's (major international telecommunication provider) support of Childline, which has raised over UK£6m since late 2002 in support of vulnerable children.

Cause-Related Advertisement in India

Some brands like Tata global beverages, Hero Honda, Idea have taken up serious issues in their advertisement through television and Internet as a strong medium to raise the awareness amongst masses. These ads tackle the most crucial social issues that we are facing today; Bribery, unqualified leaders and the common person's ignorance of his right to vote. Some few cause-based advertisement are discussed:

Chakra Gold Tea

Advertisement1: After completion of maid servant's routine work, the house owner asks her, "Have you completed the work?" She nods her head and sits on the floor nearer to the house owner lady, who is sipping chakra gold tea with great pleasure. The servant shows her usual tea glass to the owner. Instantly some thoughts provokes her (house owner) and she rushes to the kitchen and bring one family member cup and offers tea to her. This unusual behaviour of the owner gives a thud and the servant expresses her gratitude by a little smile.

The ad ends with a voice over saying, "Why should there be an inequality amongst human-being?" It concludes saying that, "Not only open your eyes but also open your mind".

The above advertisement is a revelation to people who shoe discrimination amongst the human beings.

TATA Tea

Advertisement 2: (Jaago Re) This ad is based on exercising our right to vote. TVC starts with few youngsters outside a cinema theatre asking each and every individual "Are you sleeping?", "Have a cup of tea and wake up", many people think they are mad. One lady with harsh look tell one of them "Hey listen, I am not sleeping, today is a holiday and we have come to watch movie" then the youngsters with a starry look on his face replies "if you are not voting today that means you are sleeping". The ads ends with a voice over saying "Jaago re, jaggo re, jaggo re" (wake up, wake up) this ad went on huge success. The 'Simplify' campaign is centered around facilitating a change in the mindset of the masses. Convoluted headlines, multi-layered policies and complex issues that affect our everyday lives will be broken down into easily understandable, bite sized bits of information so that

you can be informed, empowered and weakened. Buoyed by the success of “Jaago Re”, its earlier campaign which exhorted people to wake up and vote, India’s largest tea manufacturer’s, Tata Tea, launched another campaign titled “Aaj Se Khilana Bandh, Pilana Shuru’. (From today no bribing only drinking tea). This version takes the issue of corruption and urges citizens to awaken and fight against it. Tata Tea premium is out in the market with an another new piece of information entered around its message ‘Jaago Re’, adapted this time to align with the product which claims to bring big and small leaves together to make a perfect cup of tea.

Sticking to the ‘Jaago Re’ philosophy, the campaign stresses that larger issues like voting and fighting corruption are key virtues, but it’s critical to fulfil smaller duties – sticking to traffic rules.

Tata Tea Premium advertisement: The ad starts with a man returning home on a motor bike with two other friends. On entering his house, his wife asks if he is done with the day’s quota of meandering around. To this, the husband, in a triumphant tone, informs her that he just performed a big duty – that of voting. The wife offers him tea made of only big leaves in return. On being questioned, she explains how he forgot the smaller duty in these whole schemes – the duty of following traffic rules. Enlightened, the husband smiles coyly. The TVC ends with the wife’s remark: Completion requires both big and small elements, be it for tea or one’s duty. (Excellently put across and leaving a lasting impression, these ads actually tell you not to just wake up every morning but to ‘Jaago Re’!)

Hero Honda

Advertisement 3: Hero Honda new ad campaign hum mein hai hero (heroism is with us) campaign went on huge success the music by Mr.A.R.Rahman was enchanting and rightly synchronise with the motivational aspect. Youngsters nowadays feel disheartened, they feel inferior with others this ad enhances their morale by saying “hum mein haain hero”.

Hero Honda with his latest TVC: As we all know Hero Honda ads are always motivational. The latest TVC starts with a young man who comes to his village where an old man asks “When you are going to big cities you have also done higher studies, aren’t you?”. The young man with a smile on his face replies, “the road which goes from small village to cities, the same road can come from big cities to small towns” and it is projected that the young man builds in his own village a big multi-storey building and proudly shows his office to the old man. the central idea of the above advertisement is that the creativity, innovation, technical skills, etc. of today’s youth can do wonders in rural areas too.

Idea Cellular Services

One of the USPs of idea cellular services is their ad campaign, it emerges as a market leader with its unique way to communicate and focus on some serious societal issues.

These campaigns, based on social issues that could be solved using mobile telephony, were acclaimed for their creativity. Idea’s ads had focused on its network coverage and promotional packages before Abhishek Bachchan was appointed as its brand ambassador. The company used its brand name ‘Idea’ in its slogans like ‘An Idea can change your life’, ‘A good Idea’, and ‘What an Idea!’.

According to advertising experts, Idea enjoyed very little brand recall in the initial years after its inception. It had gained on that front by using its brand name in creative and meaningful slogans that concluded in its ads making perfect sense.

Advertising experts felt that the campaigns used by Idea to promote its network coverage and tariff plans were creative and would help it to add to its subscriber base. They opined that many of Idea's ads in "What an Idea" campaign had a rural background and would help Idea in building a strong brand image in rural India. Analysts said that the urban markets were getting saturated for telecom operators and hence expanding into rural India would help them grow significantly. One of such idea campaign was save paper, save earth campaign: World over millions of trees get cut everyday to produce paper, leading to alarming rates of deforestation.

Advertisement 4: The IDEA TVC showcases how the mobile phones can be used as an efficient tool to read daily newspapers, generate e-bills, make payments and transactions, issue e-tickets and boarding passes; thereby saving tones of paper every day."

Advertisement 5: Abhishek Bachchan is seen portraying the role of an agonized 'Tree'. He advocates the idea of using mobile phones to save paper, and therefore, the greenery around him through this campaign.

These case studies show that advertisements do have a large impact on the audiences. It clarifies that advertisements really are one of the most powerful and strongest medium of mass communication and when authentic and unbiased messages are delivered through this medium, the products get an instant positive response in the market. It all depends on the advertisers, who introduce the products or services with complete authenticity and without forgetting their responsibility towards the community. Advertisements do have a social responsibility and it wouldn't be wrong to state that people can be successfully made aware of the all the concerned and relevant social issues through this significant tool of mass communication.

Impact of Cause-Related Marketing

Cause-related marketing is the process of formulating and implementing marketing activities that are characterized by contributing a specific amount to a designated non-profit effort. This in turn leads to consumers engaging in revenue-generating transactions:

- 1. Brand Loyalty:** Cause-related marketing initiatives help in attracting consumers and building long-term relationships with them.
- 2. Market Differentiation:** Cause-related marketing enables companies to create an alternative and distinctive approach to advertising. National and international brands can better identify with their local markets by linking themselves with community organizations, or with regional or not-for-profit organizations.
- 3. Internal and External Stakeholders:** Cause-related marketing can help organizations connect more effectively with external and internal stakeholders.

External stakeholders, like consumers and sponsors, feel that they are doing business with a good cause.

Internal stakeholders like employees, also engage and bond with the organization as they contribute to the community through their efforts

CONCLUSION

Companies have discovered the importance of strategic social alliances and particularly CRM programs. They have felt that, CRM is an effective tool for differentiating brands and for obtaining emotional positioning among consumers. It is a win-win situation and works on the principle “enlightened self-interest” or ‘doing well by doing good’. CRM strategy helps companies to generate goodwill and improve employees’ morale and retention and helps NPO’s to increase fundraise. In times of crisis, goodwill may be crucial by prevailing long term damages to the company, whereas employees’ morale improvements are important in the human-resource building fact. According to Kotler, marketing is a powerful source for enlightenment, a means of freedom, community, and the realization of human potential.

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